



CLEVELAND COUNTY

Financial Report with Single Audit

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**CLEVELAND COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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December 30, 2024

TO THE CITIZENS OF
CLEVELAND COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cleveland County, Oklahoma for the fiscal year ended June 30, 2022. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**CLEVELAND COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Board of County Commissioners

District 1 – Rod Cleveland
District 2 – Darry Stacy
District 3 – Harold Haralson

County Assessor

Doug Warr

County Clerk

Tammy Belinson

County Sheriff

Chris Amason

County Treasurer

Jim Reynolds

Court Clerk

Marilyn Williams

District Attorney

Greg Mashburn

**CLEVELAND COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis	4
Notes to the Financial Statement.....	5

SUPPLEMENTARY INFORMATION

Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund.....	12
Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund.....	13
Note to Supplementary Information.....	14
Schedule of Expenditures of Federal Awards	15
Notes to the Schedule of Expenditures of Federal Awards	16

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	19
Schedule of Findings and Questioned Costs.....	23
Appendix A: Corrective Action Plan (Prepared by County Management).....	34
Appendix B: Summary Schedule of Prior Audit Findings (Prepared by County Management)	37

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Cleveland County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Cleveland County as of June 30, 2022, or changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Cleveland County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by Cleveland County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting prescribed or permitted by Oklahoma state law, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cleveland County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cleveland County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the remaining supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards and the remaining supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleveland County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

December 17, 2024

REGULATORY BASIS FINANCIAL STATEMENT

CLEVELAND COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 32,481,031	\$ 32,959,194	\$ -	\$ -	\$ 39,469,463	\$ 25,970,762
County Highway (Unrestricted)	9,061,235	8,266,796	-	-	8,313,318	9,014,713
Health	9,717,770	6,774,846	-	-	7,384,539	9,108,077
Assessor Revolving Fee	21,072	2,452	-	-	-	23,524
County Clerk Lien Fee	315,472	192,570	-	-	10,162	497,880
County Clerk Records Management and Preservation Fund	836,306	686,246	-	-	591,579	930,973
Commissioners Fairground Capital Improvement	870,678	-	-	-	319,648	551,030
County Bridge and Road Improvement Fund	3,719,720	849,405	-	-	1,113,949	3,455,176
Sheriff Commissary	283,844	758,935	-	-	547,164	495,615
Sheriff Jail Fund	55,545	-	-	-	-	55,545
Local Emergency Planning Fund	20,466	1,000	-	-	590	20,876
Sheriff Special Revenue Fund	2,230,979	-	-	-	2,209,798	21,181
Sheriff Justice Assistance Grant	27,387	-	-	-	5,149	22,238
Sheriff Service Fee	5,206,402	3,739,616	-	-	2,239,197	6,706,821
Treasurers Mortgage Certification	719,189	74,777	-	-	1,149	792,817
Sales Tax	512,944	6,573,564	-	-	6,513,482	573,026
Resale Property	3,097,651	2,146,211	-	-	883,224	4,360,638
Public Safety Sales Tax	45,208	1,000,000	-	-	331,436	713,772
Fairgrounds	1,134,377	287,199	-	-	145,891	1,275,685
Wellness Committee Donations	400	-	-	-	-	400
Emergency Rental Assistance Grant	5,400,286	2,178	-	-	5,397,374	5,090
Emergency Rental Assistance Grant 2	2,032,585	2,987	-	-	1,000,000	1,035,572
American Rescue Plan Act 2021	27,584,253	27,623,610	-	-	218,500	54,989,363
County Sinking Fund	1,371	2	-	-	-	1,373
Cleveland County Anna McBride Court	45,009	63,334	-	25,968	82,375	-
Farm Market Fund	-	18,410	-	-	3,840	14,570
S.T.O.P. VAWA	-	37,271	39,089	-	60,503	15,857
County Donations	-	25,375	5,455	-	20,072	10,758
COVID Aid and Relief	2,942	1	-	-	2,813	130
Total - All County Funds	\$ 105,424,122	\$ 92,085,979	\$ 44,544	\$ 25,968	\$ 76,865,215	\$ 120,663,462

The notes to the financial statement are an integral part of this statement.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Cleveland County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical service districts, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds included within the financial statement:

County General – accounts for revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway (Unrestricted) – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

Assessor Revolving Fee – accounts for the collection of fees for copies as restricted by state statute.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk's office. Expenditures are restricted to activities related to preservation of records in the County Clerk's office.

Commissioners Fairground Capital Improvement – accounts for proceeds for Fairground Expansion Project.

County Bridge and Road Improvement Fund – accounts for collections from fuel and gas taxes collected by Oklahoma Tax Commission and disbursements are for the purpose of constructing and maintaining county bridges and roads.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

Sheriff Jail Fund – accounts for the jail bond fees received from the Court Clerk and disbursed for the operation of the jail.

Local Emergency Planning Fund – accounts for legislative appropriations to assist local emergency planning committees in the development of an emergency plan in accordance with the requirements of Title III of the Federal Superfund Amendments and Reauthorization Act.

Sheriff Special Revenue Fund – accounts for monies received and disbursed for the operation of the Jail.

Sheriff Justice Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreements.

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as process fees, courthouse security, contracts for housing and feeding prisoners, and disbursements as restricted by state statute.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer's office.

Sales Tax – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

Public Safety Sales Tax – accounts for the collection of county sales tax to be disbursed as outlined by the sales tax ballot.

Fairgrounds – accounts for the receipt of revenue generated from building rent, booth rental, and other fees. Disbursements are for the operation of the fairgrounds.

Wellness Committee Donations – accounts for donations made to the Wellness Committee Donations fund and disbursements are for equipment for the Wellness Center.

Emergency Rental Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Emergency Rental Assistance Grant 2 – accounts for grant monies received and disbursed as restricted by the grant agreement.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

County Sinking Fund – accounts for the debt service collections derived generally from a special ad valorem tax levy and interest earned on investments.

Cleveland County Anna McBride Court – accounts for grant monies received and disbursed as restricted by the grant agreement.

Farm Market Fund – accounts for monies from farmers markets within the county who fortify the local food system from the ground up by supporting farmers through educational opportunities, creating additional venues and opportunities for farmers, and educating the community about local and seasonal food.

S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Women – accounts for federal grant monies received to be disbursed as restricted by the grant agreement.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved Board of County Commissioners' resolution.

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners’ resolution.

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America (U.S. GAAP), which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; however, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

Sales Tax of November 12, 2019

On November 12, 2019 the voters of Cleveland County approved a one-eighth (1/8) of one percent sales tax on gross receipts or proceeds of certain taxable sales within Cleveland County effective April 1, 2020 for a twenty (20) year term; the proceeds of said tax to be utilized for the funding of the following County Public Safety services: operations, programs, equipping, maintenance, repairs and renovations, as necessary, to the Cleveland County Justice Facility, including renovations or new construction, construction, maintenance, operations and programming for the Cleveland County Juvenile Detention facilities and Cleveland County sobering facilities as approved by the Board of County Commissioners; salaries, staffing and training expenses for Cleveland County Sheriff's Deputies; providing grants to fire departments and other emergency responders serving Cleveland County as approved by the Board of County Commissioners; providing funds to the emergency management systems serving Cleveland County; authorizing the pledging of the sales

**CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

tax for debt service on any financing and cost of issuance on public safety facilities. These funds are accounted for in the Sales Tax and Public Safety Sales Tax funds.

E. Tax Abatements

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$467,111 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2022.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

F. Interfund Transfers

During the fiscal year, the County made the following transfers between cash funds:

- \$39,089 was transferred from the S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Women fund (a Trust & Agency Fund) to S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Women fund, to create a County Fund.
- \$25,968 was transferred from the Cleveland County Anna McBride Court fund to the Cleveland County Anna McBride fund (a Trust & Agency Fund).
- \$5,455 was transferred from the Drug Court fund (a Trust & Agency Fund) to the County Donations fund per Board of County Commissioners' approval.

SUPPLEMENTARY INFORMATION

CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance
District Attorney - County	\$ 389,925	\$ 335,390	\$ 54,535
County Sheriff	12,865,996	12,842,525	23,471
County Treasurer	1,866,341	1,742,043	124,298
County Commissioners	922,732	846,533	76,199
County Commissioners O.S.U. Extension	444,807	324,666	120,141
County Clerk	2,123,549	2,097,383	26,166
Court Clerk	2,237,294	1,968,216	269,078
County Assessor	1,355,545	1,329,603	25,942
Revaluation of Real Property	1,727,513	1,696,149	31,364
District Court	87,519	73,211	14,308
General Government	5,007,573	2,682,828	2,324,745
Excise - Equalization Board	7,000	4,691	2,309
County Election Expense	981,167	868,086	113,081
Insurance - Benefits	850,710	657,713	192,997
County Purchasing Agent	136	136	-
Emergency Management	294,793	200,294	94,499
Capital Improvements	26,112,591	7,520,140	18,592,451
Human Resources	251,757	195,868	55,889
Early Settlement	171,229	90,559	80,670
IT Department	589,137	537,490	51,647
Wellness Center	486,978	192,414	294,564
Highway Budget Account	2,796,164	2,461,866	334,298
County Audit Budget	557,584	273,218	284,366
Free Fair Budget Account	63,094	63,053	41
Fairgrounds Budget Account	504,184	457,448	46,736
Building Maintenance Account	1,150,258	784,164	366,094
Other Use	3,344,674	-	3,344,674
Total Expenditures, Budgetary Basis	<u>\$ 67,190,250</u>	<u>\$ 40,245,687</u>	<u>\$ 26,944,563</u>

CLEVELAND COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 16,082,144	\$ 7,894,861	\$ 8,187,283
Total Expenditures, Budgetary Basis	<u>\$ 16,082,144</u>	<u>\$ 7,894,861</u>	<u>\$ 8,187,283</u>

**CLEVELAND COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR				
Direct Grant:				
Payments in Lieu of Taxes	15.226			\$ 37,734
Total U.S. Department of Interior				<u>37,734</u>
U.S. DEPARTMENT OF JUSTICE				
Office of Justice Programs				
Direct Grants:				
Violence Against Women Formula Grants	16.588			60,503
State Criminal Alien Assistance Program	16.606			<u>5,149</u>
Total U.S. Department of Justice				<u>65,652</u>
U.S. DEPARTMENT OF TREASURY				
Direct Grants:				
COVID-19 Emergency Rental Assistance Program	21.023	ERA0174	\$ 5,332,574	5,397,374
COVID-19 Emergency Rental Assistance Program	21.023	ERAE0225	1,000,000	1,000,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0298	-	<u>218,500</u>
Total U.S. Department of Treasury			<u>6,332,574</u>	<u>6,615,874</u>
Total Expenditures of Federal Awards			<u>\$ 6,332,574</u>	<u>\$ 6,719,260</u>

CLEVELAND COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Cleveland County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Cleveland County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

INTERNAL CONTROL AND COMPLIANCE SECTION



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Cleveland County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 17, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Cleveland County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cleveland County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2022-005 and 2022-006.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-005 and 2022-006.

We noted certain matters regarding statutory compliance that we reported to the management of Cleveland County, which are included in Section 4 of the schedule of findings and responses contained in this report.

Cleveland County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Cleveland County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

December 17, 2024



**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

TO THE OFFICERS OF
CLEVELAND COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited Cleveland County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Cleveland County's major federal program for the year ended June 30, 2022. Cleveland County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Cleveland County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cleveland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cleveland County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Emergency Rental Assistance Program

As described in the accompanying schedule of findings and questioned costs, Cleveland County did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-007	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for Cleveland County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cleveland County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cleveland County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cleveland County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cleveland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cleveland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Those instances of noncompliance related to the following program and compliance requirement:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-012	21.023	Emergency Rental Assistance Program	Reporting

Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Cleveland County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses. Those material weaknesses in internal control over compliance related to the following program and compliance requirements:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-007	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring
2022-012	21.023	Emergency Rental Assistance Program	Reporting

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Cleveland County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Cleveland County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

December 17, 2024

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 1—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:.....Adverse as to U.S. GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on
compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

Assistance Listing Number(s)

21.023

Name of Federal Program or Cluster

Emergency Rental Assistance Program

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?..... No

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2022-005—Lack of Internal Controls and Noncompliance Over Disbursements Process (Repeat Finding – 2015-003, 2016-012, 2017-002, 2018-002, 2019-009, 2020-007, 2021-004)

Condition: During our test of thirty-six (36) disbursements, the following was noted:

- Five (5) disbursements were not timely encumbered totaling \$1,608,023.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the disbursement process to strengthen internal controls and ensure compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance to the state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and/or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County implement internal control procedures to ensure compliance with purchasing guidelines. All purchases should be properly encumbered prior to the receipt of goods and/or services.

Management Response:

Chairman of the Board of County Commissioners: The County is committed to rectifying the issues identified in this finding and ensuring full compliance with state statutes. We will continue to work diligently to strengthen our internal controls and prevent any future occurrences of this nature.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Principle 10 – Design Control Activities – Section 10.03 states in part:

Design of Appropriate Types of Control Activities

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Additionally, Section 2 – Establishing and Effective Internal Control System – OV2.24 states in part:

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

Further, 19 O.S. 1505(A), 1505(C), and 1505(E) requires county funds to be encumbered prior to the receipt of goods and/or services and disbursements of County funds should be supported with invoices and receiving reports.

Finding 2022-006—Lack of Internal Controls and Noncompliance Over Purchase Card Disbursement Process (Repeat Finding – 2015-003, 2016-012, 2017-002, 2018-002, 2019-009, 2020-007, 2021-004)

Condition: During our review of fifty-eight (58) purchase card (P-Card) disbursements, we noted twenty (20) transactions totaling \$16,021 were not timely encumbered.

Cause of Condition: The County is not following policies and procedures that have been designed and implemented regarding the P-Card disbursement process to ensure compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the County follow policies and procedures over P-Cards to ensure compliance with purchasing guidelines. All purchases made with a P-Card should be properly requisitioned, encumbered, approved, and received with proper supporting documentation attached.

Management Response:

Chairman of the Board of County Commissioners: The County is committed to resolving the issues identified in this finding. We understand the importance of maintaining a robust internal controls and ensuring compliance with state statutes. Procedures are in place that are aimed at preventing future occurrences of these issues and reinforcing the integrity of our financial processes.

We appreciate the Office of the State Auditor and Inspector's guidance and will ensure that these corrective actions are implemented effectively.

County Sheriff: The Cleveland County Sheriff's Office has implemented an additional transport policy to strengthen internal controls and prevent future instances of delayed encumbrances. Additionally, transport command staff and deputies will receive training on the new guidelines and policy expectations.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part

Objections of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 1505, prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

SECTION 3— Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2022-007 — Lack of Internal Controls and Noncompliance with Subrecipient Monitoring – Emergency Rental Assistance Program (Repeat Finding 2021-013)

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.023

FEDERAL PROGRAM NAME: Emergency Rental Assistance Program

FEDERAL AWARD NUMBER: ERA0174, ERAE0225

FEDERAL AWARD YEAR: 2022

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$6,397,374

Condition: During the process of documenting the County's internal controls regarding federal disbursements for the Emergency Rental Assistance Program (ERA), we noted that Cleveland County has not established the following procedures to ensure compliance with the Subrecipient Monitoring requirements:

- Evaluate subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward.
- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Further, while documenting controls over the subrecipient program and administrative expenditures for the ERA1, we noted the following:

- The County was unable to provide supporting documents for the administrative costs of the consultant for this grant totaling \$64,800.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- The County was unable to provide supporting documentation of the subrecipient's administrative expenditures totaling \$453,067.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County complies with federal laws and regulations and grant agreements; and adequate subrecipient monitoring policies and procedures had not been established by the County prior to entering into agreements with subrecipients.

Effect of Condition: This condition resulted in noncompliance with grant requirements. Also, the subrecipient may not be in compliance with the award terms and there is an increased risk of mismanagement and fraud by the subgrantees.

Recommendation: OSAI recommends the County design and implement internal controls to ensure that it administers current and future ERA grants in accordance with applicable federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of federal requirements related to allowable costs and that subrecipient monitoring procedures are designed and implemented. Subrecipients should be reimbursed for administrative costs based on supporting documentation for actual costs incurred rather than making advance payments for a set percentage of program funds advanced.

Management Response:

Chairman of the Board of County Commissioners: Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for fiscal year 2025 and has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

2 CFR § 200.332 states in part:

(e) Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

In addition, identify procedures necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:

1. Reviewing financial and programmatic (performance and special reports) required by the Pass-Through Entity (PTE).

The Consolidated Appropriations Act § Section 501 (c)(5) Use of Funds - Administrative Costs states in part:

(A) IN GENERAL. —Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds.

(B) NO OTHER ADMINISTRATIVE COSTS. —Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A).

In addition, the U.S. Department of Treasury Emergency Rental Assistance (ERA) FAQ #29 What are the applicable limitations on administrative expenses, states in part:

Under ERA1, not more than 10 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance and housing stability services to eligible households. Under ERA2, not more than 15 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and eviction prevention activities.

2 CFR § 200.332 states:

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward...

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section,...

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

...

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations.

**Finding 2022-012—Lack of Internal Controls and Noncompliance with Reporting Requirement –
Emergency Rental Assistance Program (Repeat Finding 2021-010)**

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING NO: 21.023

FEDERAL PROGRAM NAME: Emergency Rental Assistance Program

FEDERAL AWARD NUMBER: ERA0174, ERAE0225

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Condition: While performing a test over the reporting requirement for the Emergency Rental Assistance Program (ERA), the following was noted:

- July 2021 monthly report for ERA2 was not submitted.
- December 2021 monthly report for ERA2 was not timely submitted.
- First Quarter report (January 2022 – March 2022) for ERA2 was submitted late.

In addition, the County was not consistent in the reporting of expenditures on the quarterly reports. The expenditures were originally reported when the County spent the funds. However, beginning in the fourth quarter of 2021, the County began reporting expenditures when the subrecipient spent the funds rather than when the County spent the funds. This resulted in the following:

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Two (2) of the four (4) quarterly report expenditure amounts reported did not match the supporting documents provided by the County.
- Three (3) of the four (4) quarterly reports reviewed had supporting documentation that did not reconcile to other supporting documentation submitted to the U.S. Department of the Treasury.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County complies with federal laws and regulations and grant agreements.

Effect of Condition: This condition resulted in noncompliance with grant requirements.

Recommendation: OSAI recommends the County comply with federal laws and regulations and grant agreements by submitting required reports to the U.S. Department of the Treasury timely. In addition, OSAI recommends the County design and implement a system of internal controls to ensure the accuracy and completeness of information submitted.

Management Response:

Chairman of the Board of County Commissioners: Beginning in October of 2021, the U.S. Department of the Treasury changed the ERA1 and ERA2 reporting requirements. In fact, each quarter of 2021 had various reporting changes. The County changed the manner of reporting which did result in difficulty in reconciling. Previous reports had several changes and had to be re-reconciled and amended. Therefore, it was determined to change to reporting when the sub-recipient spent, rather than the county. The County contacted the U.S. Department of the Treasury, who stated any, and all reports should be corrected in the next reporting cycle, rather than retrospectively. The County agrees that some of the prior County Clerk's records were not in proper order. The County has a new Clerk in place as of July 1, 2024, and is working diligently to improve processes and procedures to prevent this from occurring again in the future.

Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for fiscal year 2025 and has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2 CFR § 200.303(a) Internal Controls reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2022-002—Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund

Condition: Upon inquiry and review over the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following was noted:

- Standard procedures have not been designed and implemented regarding inmate unclaimed funds.
- The old Inmate Trust Fund Checking Account with the account number ending in 9652 with a balance of \$7,966 has not been closed out.
- The current Inmate Trust Fund Checking Account has not been reconciled to the inmates’ ledger balances.
- Expenditures made from the Inmate Trust Checking Account were for purposes other than to the Sheriff Commissary Fund or refunds to inmates.
- An annual report for the Sheriff Commissary Fund was prepared but not filed with the Board of County Commissioners by January 15th, and the beginning and ending balances did not reconcile to the County Treasurer.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in misappropriation of funds, inaccurate records and incomplete information.

Recommendation: OSAI recommends the Sheriff treat unclaimed inmate monies in accordance with 22 O.S. § 1325 (F, H). Additionally, properly close out the old Inmate Trust Fund Checking Account, reconcile the Inmate Trust Fund Checking Account to the inmates’ ledger balances, write checks from the Inmate Trust Fund Checking Account only for the Sheriff Commissary Fund or to the inmate upon release

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

in accordance with 19 O.S. § 531 (A). Further, the annual report for the Sheriff's Commissary Fund should be filed with the Board of County Commissioners by January 15th, of the fiscal year in accordance with 19 O.S. § 180.43 (D) that reconciles with the County Treasurer.

Management Response:

County Sheriff: A new policy, effective August 20, 2024, has been implemented to incorporate OSAI Form #4078-INS, which outlines the standard operating procedures for the Inmate Trust Fund Checking Account. Supervisors and staff directly involved with the Inmate Trust Fund Checking Account have received the new policy and will undergo training on its implementation. Supervisors will ensure that all staff members working with the Inmate Trust Fund Checking Account are fully informed of the new policy and capable of adhering to the procedures outlined in OSAI Form #4078-INS.

The remaining balance in the old Inmate Trust Fund Checking Account ending in 9652 is a result of erroneous tax charges and purchases made prior to 2017. While we are confident that these funds do not belong to any inmates, further research is required to trace the source of the entire outstanding balance. We are currently conducting a thorough forensic audit of these funds and creating detailed spreadsheets and receipt trails for each transaction. Once this process is complete, we will follow the appropriate procedures to reallocate the funds and close the account.

The inmate ledger, which tracks individual balances within the Inmate Trust Fund Checking Account, is maintained and balanced monthly in accordance with OSAI Form #4078-INS, Section 5. Supervisory oversight will be implemented going forward to ensure accurate reconciliation of all balances, confirming all account and ledger totals are consistently aligned.

In response to expenditures from the Inmate Trust Fund Checking Account for purposes other than deposits to the Sheriff Commissary Fund or refunds to inmates, our research shows that all questioned charges from fiscal year 2022 were for inmate medical, legal, or damages fees. The current process begins with an inmate charge sheet, which clerks use to debit the inmate's commissary account for the relevant fees. Once charged in our commissary management system, the funds are transferred from the inmate's active commissary account to the appropriate fee schedule. At the end of the month, these fees are reconciled and applied. We are currently reviewing this process to ensure compliance with statutory requirements and will make adjustments as needed to ensure that inmate charges are applied correctly.

An annual report for the Sheriff's Commissary Fund will be prepared and filed annually by January 15th. Moving forward, supervisors and staff will adhere to the new policy and Section 4 of the SOP outlined by OSAI Form #4078-INS to ensure the process aligns with Title 19 O.S. § 180.43D.

**CLEVELAND COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Criteria: The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing Monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Title 19 O.S. § 180.43(D) states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Title 19 O.S. § 531(A) states in part, “...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

Title 22 O.S. § 1325(F, H) outlines the procedures for disposing unclaimed property.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)



**Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2022**

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-005	Financial - Lack of Internal Controls and Noncompliance Over Disbursements Process (Repeat Finding – 2015-003, 2016-012, 2017-002, 2018-002, 2019-009, 2020-007, 2021-004)	The County is committed to rectifying the issues identified in this finding and ensuring full compliance with state statutes. We will continue to work diligently to strengthen our internal controls and prevent any future occurrences of this nature.	July 2024	Rod Cleveland, BOCC Chairman
2022-006	Financial - Lack of Internal Controls and Noncompliance Over Purchase Card Disbursement Process (Repeat Finding – 2015-003, 2016-012, 2017-002, 2018-002, 2019-009, 2020-007, 2021-004)	<p>The County is committed to resolving the issues identified in this finding. We understand the importance of maintaining a robust internal controls and ensuring compliance with state statutes. Procedures are in place that are aimed at preventing future occurrences of these issues and reinforcing the integrity of our financial processes.</p> <p>We appreciate the Office of the State Auditor and Inspector's guidance and will ensure that these corrective actions are implemented effectively.</p>	September 2024	Rod Cleveland, BOCC Chairman
2022-007	ALN 21.023 – Lack of Internal Controls and Noncompliance with Subrecipient	Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for Fiscal Year 2025 and	July 2024	Rod Cleveland, BOCC Chairman

	Monitoring – Emergency Rental Assistance Program (Repeat Finding 2021- 013)	has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.		
2022-012	ALN 21.023 - Lack of Internal Controls and Noncompliance with Reporting Requirement – Emergency Rental Assistance Program (Repeat Finding 2021- 010)	<p>Beginning in October of 2021, the U.S. Department of the Treasury changed the ERA1 and ERA2 reporting requirements. In fact, each quarter of 2021 had various reporting changes. The County changed the manner of reporting which did result in difficulty in reconciling. Previous reports had several changes and had to be re-reconciled and amended. Therefore, it was determined to change to reporting when the sub-recipient spent, rather than the county. The County contacted the U.S. Department of the Treasury, who stated any, and all reports should be corrected in the next reporting cycle, rather than retrospectively. The County agrees that some of the prior County Clerk's records were not in proper order. The County has a new Clerk in place as of July 1, 2024, and is working diligently to improve processes and procedures to prevent this from occurring again in the future.</p> <p>Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for fiscal year 2025 and has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.</p>	November 2024	Rod Cleveland, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)



**Summary Schedule of Prior Audit Findings
in accordance with 2 CFR § 200.511b
for the fiscal year ended June 30, 2022**

FINANCIAL AUDIT FINDINGS

Finding 2021-001, 2020-002, 2019-002

Lack of Internal Controls Over the Reconciliation of Appropriation Ledger to the General Ledger

Finding Summary: A monthly reconciliation is not being performed between the County Clerk's appropriation ledger and the County Treasurer's general ledger for all funds.

Status: Fully Corrected

Finding 2021-004, 2020-007, 2019-009, 2018-002, 2017-002, 2016-012, 2015-003

Lack of Internal Controls and Noncompliance Over Disbursements Process

Finding Summary: During our test of thirty-five (35) disbursements, the following was noted:

- Three (3) disbursements were not timely encumbered totaling \$205,043.
- Two (2) disbursements were not made for the appropriate amount totaling \$60,832.

During our test of twenty-five (25) Purchase Card (P-Card) disbursements, the following was noted:

Nine (9) transactions were not timely encumbered totaling \$2,603 of which two of these transactions had one individual who performed both the requisition and receiving duties.

Status: Not Corrected - The County is committed to rectifying the issues identified in this finding and ensuring full compliance with state statutes. We will continue to work diligently to strengthen our internal controls and prevent any future occurrences of this nature.

Finding 2021-005

Lack of Internal Controls and Noncompliance Over Contract Agreement

Finding Summary: While reviewing a contract agreement with Cleveland County, the following was noted:

- The county received eleven (11) invoices totaling \$179,471; however, the County paid \$334,576 resulting in an overpayment amount of \$155,105.

Status: Fully Corrected

FEDERAL AUDIT FINDINGS

Finding 2021-010

Noncompliance with Reporting Requirement – Emergency Rental Assistance Program

Pass-Through Grantor: None

Federal Agency: U.S. Department of the Treasury

Assistance Listing No: 21.023

Federal Program Name: Emergency Rental Assistance Program

Federal Grant Award Number: ERA0174

Federal Award Year: 2021

Control Category: Reporting

Questioned Costs: \$-0-

Finding Summary: While performing a test over the reporting requirement, we noted the following:

- First Quarter Interim report (Awarded date – March 2021) was not submitted.
- Second Quarter report (April 2021 – June 2021) was submitted after the deadline.

Status: Not Corrected - Beginning in October of 2021, the U.S. Department of the Treasury changed the ERA1 and ERA2 reporting requirements. In fact, each quarter of 2021 had various reporting changes. The County changed the manner of reporting which did result in difficulty in reconciling. Previous reports had several changes and had to be re-reconciled and amended. Therefore, it was determined to change to reporting when the sub-recipient spent, rather than the county. The County contacted the U.S. Department of the Treasury, who stated any, and all reports should be corrected in the next reporting cycle, rather than retrospectively. The County agrees that some of the prior County Clerk's records were not in proper order. The County has a new Clerk in place as of July 1, 2024, and is working diligently to improve processes and procedures to prevent this from occurring again in the future.

Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for FY2025 and has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.

Finding 2021-011

Noncompliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles Requirements – Coronavirus Relief Fund

Pass-Through Grantor: Oklahoma Office of Management Enterprise Services

Federal Agency: U.S. Department of the Treasury

Assistance Listing No: 21.019

Federal Program Name: Coronavirus Relief Fund

Federal Grant Award Number: SA-0098

Federal Award Year: 2021

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance

Questioned Costs: \$260,134

Finding Summary: During our test of thirty-seven (37) disbursements and 100% of the payroll disbursements that were submitted for Coronavirus Relief Fund reimbursements, the following was noted:

- One (1) payment was overstated by \$50 when submitted to the U.S. Department of Treasury.
- Payroll expenses totaling \$260,084 was determined to be ineligible due to expenses incurred outside the eligibility period.

Status: Fully Corrected

Finding 2021-013

Lack of Internal Controls and Noncompliance with Subrecipient Monitoring – Emergency Rental Assistance Program

Pass-Through Grantor: None

Federal Agency: U.S. Department of the Treasury

Assistance Listing No: 21.013

Federal Program Name: Emergency Rental Assistance Program

Federal Grant Award Number: ERA0174

Federal Award Year: 2021

Control Category: Subrecipient Monitoring

Questioned Costs: \$124,300

Finding Summary: While documenting controls over subrecipient monitoring and administrative expenditures for the Emergency Rental Assistance Program (ERA) program, we noted the following:

- The county was unable to provide supporting documents for the administrative costs of the consultant for this grant totaling \$24,300.
- The county was unable to provide supporting documentation of the subrecipient's administrative expenditures totaling \$100,000.

Status: Not Corrected - Cleveland County takes the auditor's findings seriously and has already implemented several improvements in documentation, monitoring, and reporting practices. Cleveland County is working toward improvements for FY2025 and has reconciled billing to align with the contract scope of work. However, we recognize the need for documented internal controls and are committed to addressing all recommendations to ensure compliance and transparency in future programs. The County appreciates the constructive feedback and will continue to refine its processes to better serve its citizens.



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